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FIDELITY MORTGAGE & SAVINGS CORPORATION

ANNUAL REPORT 1964



DIRECTORS AND OFFICERS

DIRECTORS

| | | | | | | | | |
|--|---|---|---|---|---|---|---|---------------|
| *FRANK WILTON BAILLIE | - | - | - | - | - | - | - | Oakville |
| <i>Vice-President, Centre Volkswagen Limited</i> | | | | | | | | |
| *GEORGE RICHARD CHATER | - | - | - | - | - | - | - | Campbellville |
| <i>President, Grafton's Limited</i> | | | | | | | | |
| HUGH STRATHEARN HENDRIE | - | - | - | - | - | - | - | Burlington |
| <i>Mortgage Manager, Fidelity Management Limited</i> | | | | | | | | |
| JAMES ROBERT ALEXANDER LANGS | - | - | - | - | - | - | - | Hamilton |
| <i>President, Langs Foods Limited</i> | | | | | | | | |
| MURRAY PROCTOR | - | - | - | - | - | - | - | Hamilton |
| <i>President, Service Steel and Engineering Limited</i> | | | | | | | | |
| W. ALLAN CAMPBELL, Q.C. | - | - | - | - | - | - | - | Oakville |
| <i>President, Wallace Barnes Co. Limited</i> | | | | | | | | |
| *GORDON EDWARD GRUNDY, F.C.A. | - | - | - | - | - | - | - | Ancaster |
| <i>President, Studebaker of Canada, Limited</i> | | | | | | | | |
| *WILLIAM VANALEN HOLTON | - | - | - | - | - | - | - | Burlington |
| <i>President, Glendale Spinning Mills Limited</i> | | | | | | | | |
| JOHN HYSLOP LUXTON | - | - | - | - | - | - | - | Kitchener |
| <i>Investment Counsel</i> | | | | | | | | |
| *SAM FOSTER ROSS, Q.C. | - | - | - | - | - | - | - | Dundas |
| <i>Partner, Ross & Robinson</i> | | | | | | | | |
| JOHN CAMERON TAIT | - | - | - | - | - | - | - | Burlington |
| <i>President, North America Business Equipment Limited</i> | | | | | | | | |

* Member of Executive Committee

OFFICERS

| | | | | | | | | |
|-------------------------|---|---|---|---|---|---|---|------------------------------|
| President | - | - | - | - | - | - | - | SAM FOSTER ROSS, Q.C. |
| Vice-President | - | - | - | - | - | - | - | WILLIAM VANALEN HOLTON |
| Vice-President | - | - | - | - | - | - | - | GORDON EDWARD GRUNDY, F.C.A. |
| Treasurer | - | - | - | - | - | - | - | FRANK WILTON BAILLIE |
| Secretary | - | - | - | - | - | - | - | HUGH STRATHEARN HENDRIE |
| Assistant Secretary | - | - | - | - | - | - | - | JOHN CHARLES SAVCHUK |
| Chief Financial Officer | - | - | - | - | - | - | - | JOHN CAMPBELL ALDRED, C.A. |
| Mortgage Manager | - | - | - | - | - | - | - | FRED SMYTH PAUL |
| Supervisor of Savings | - | - | - | - | - | - | - | JAMES NEIL WALTON |

AUDITORS - - - - - McDONALD, CURRIE & Co.

BANKERS - - - - - CANADIAN IMPERIAL BANK OF COMMERCE



REPORT TO THE SHAREHOLDERS

The year 1964 marked the first complete year of operations by Fidelity. It was a year of development, growth and progress. After deducting all our expenses including special advertising, promotional and other costs connected with the opening of branch offices, the results for the year's operations showed a net profit of \$7,812.

During the year we brought our mortgage department into full operation, commenced the sale of debentures and deposit receipts to the public, opened two savings offices in Hamilton and laid plans for the opening of two additional offices in 1965, one in the City of Brantford and the other in the Town of Burlington. In addition, Fidelity's assets increased from \$932,000 at the end of 1963 to \$5,129,000 at the end of 1964.

These assets have been invested by Fidelity in its mortgage portfolio to the extent of \$4,044,000 and in Canadian and Provincial Government bonds and cash to the extent of approximately \$1,100,000.

Mortgage Portfolio and Investment Policy

During the year Fidelity's mortgage portfolio was increased from \$262,000 at the end of 1963 to \$4,044,000 at the end of 1964. The average yield has continued at 7.1% and the average size of loan is approximately \$10,000. Over 97% of the loans have 5 year maturities. At year end our forward mortgage commitments amounted to approximately \$800,000. At the present time our mortgage portfolio is growing at the rate of approximately \$400,000 per month and we believe that this rate of growth will be considerably increased during the year. Fidelity's portfolio consists only of conventional first mortgages on improved real estate and no mortgage exceeds 66 2/3% of the appraised value of the property against which it is secured. A percentage breakdown of the portfolio with respect to the class of security and aggregate loan amounts is as follows:

| | |
|---------------------------|-------|
| Single Family Dwellings | 90% |
| Multiple Dwellings | 6% |
| Commercial and Industrial | 4% |
| | <hr/> |
| | 100% |

Fidelity was designated by Order-in-Council as an approved lender under the National Housing Act of Canada in November of 1964. To date Fidelity has made no NHA loans although it bid (unsuccessfully) at the CMHC auction of NHA Insured Mortgages in December. Fidelity's activity during 1965 in the NHA mortgage field will probably be confined to a mortgage banking operation.

Debentures and Deposits

Fidelity commenced the sale of its debentures in May and its deposit receipts in August of 1964. Fidelity's first savings office was opened in the new Undermount Building, 143



James Street South, Hamilton, in August and in November a second savings office was opened in the company's Executive Offices at 42 James Street South. Debenture sales during the year amounted to approximately \$600,000 and customer's deposits at the end of 1964 totalled approximately \$2,512,000.

Plans and Outlook for 1965

At the annual general meeting a by-law will be presented for confirmation authorizing an increase in the limit of Fidelity's borrowing authority from four times to ten times the total of its capital and reserves. Upon such confirmation approval must also be obtained from the Minister of Finance of Canada. We feel this step should be taken now so as to enable Fidelity's growth to continue.

Plans are nearing completion for the opening of two new branch offices in Brantford and Burlington during the month of March. An artist's sketch of each branch is shown elsewhere in our Annual Report. We feel that the potential and the projected growth of these two rapidly developing municipalities are such that the branches should be very successful. Each of these branches is located at a strategic location within the municipality and the decor and architectural design of the premises are in keeping with the character of our business operations. Each branch will provide all the services and facilities which our company makes available to the public. To open and establish a successful branch in a new locality is costly but we feel that our choices have been wise and that each of these new branches will in due course become a permanent contributor to the success and to the profit of Fidelity.

Elsewhere in our Annual Report we have listed and briefly described the various services and facilities which Fidelity makes available to the public. A competent, courteous and well trained staff is available to provide these services.

We have every expectation that Fidelity's growth during 1965 will be at least as great as its growth during the year 1964.

In conclusion, I should like to publicly acknowledge the tireless, faithful and capable assistance and effort so cheerfully contributed by all employees of the company during the past year.

Yours faithfully,

Sam Foster Ross,
President.

On Behalf of the Board
29th January 1965



FIDELITY MORTGAGE &

(Incorporated by Special Act)

BALANCE SHEET

| ASSETS | 1964 | 1963 |
|--|--------------------|------------------|
| | | |
| Cash | \$213,196 | \$136,929 |
| Deposits with Chartered Banks | | 351,020 |
| Securities: | | |
| Government of Canada direct and guaranteed bonds | 505,452 | |
| Provinces of Canada direct and guaranteed bonds | 201,442 | |
| Other bonds and debentures | | 172,513 |
| <i>(Securities are carried at values which in the aggregate do not exceed market values)</i> | | |
| Loans secured by Government of Canada bonds | 150,227 | |
| Mortgages, less reserve | 4,044,169 | 262,115 |
| Prepaid expenses | 1,494 | 302 |
| Fixed assets, at cost less depreciation | 13,161 | 2,795 |
| Organization expenses | | 6,935 |
| | <u>\$5,129,141</u> | <u>\$932,609</u> |

We hereby certify that we have examined the financial statement of the Corporation and that to the best of our knowledge and belief such statement is correct and shows truly and clearly the financial condition of the Corporation's affairs.

| | | |
|---------------|-----------|-------------|
| S. F. ROSS | President | } Directors |
| F. W. BAILLIE | Treasurer | |
| H. S. HENDRIE | Secretary | |

SAVINGS CORPORATION

(Incorporated in the Parliament of Canada)

DECEMBER 31, 1964



LIABILITIES

TO THE PUBLIC:

| | 1964 | 1963 |
|---------------------------------------|--------------------|-----------------|
| Deposits and accrued interest | \$2,512,515 | |
| Debentures and accrued interest | 606,484 | |
| Sundry accounts | 6,969 | \$ 4,811 |
| | <u>\$3,125,968</u> | <u>\$ 4,811</u> |

TO THE SHAREHOLDERS:

| | | |
|--|--------------------|------------------|
| Capital:—Authorized 500,000 shares at \$10 each—\$5,000,000 | | |
| —Issued and fully paid—180,000 shares (100,000 shares issued for cash in 1964, 80,000 shares issued for cash in 1963) | \$1,800,000 | 800,000 |
| —Issued and 10% paid—50,000 shares..... | 50,000 | 50,000 |
| | <u>\$1,850,000</u> | <u>\$850,000</u> |
| Reserve Fund | 50,000 | |
| Surplus | 103,173 | 77,798 |
| | <u>2,003,173</u> | <u>\$927,798</u> |
| | <u>\$5,129,141</u> | <u>\$932,609</u> |

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Fidelity Mortgage and Savings Corporation as at December 31, 1964 and the statement of profit and loss and surplus for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1964, and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

McDONALD, CURRIE & CO.,
Chartered Accountants.

Hamilton, January 27, 1965.



PROFIT AND LOSS AND SURPLUS

for the year ended December 31, 1964

REVENUE:

| | 1964 | 1963 |
|---------------------------------|-----------|----------|
| Interest and other income | \$177,101 | \$ 4,650 |

EXPENDITURE:

| | | |
|--|----------|-----------|
| Interest, administration, depreciation and other expenses | 169,289 | 11,852 |
| Net profit (loss) for the year | \$ 7,812 | (\$7,202) |

ADD:

| | | |
|--|------------------|------------------|
| Premium on sale of Capital stock | 100,000 | 85,000 |
| Surplus brought forward from previous year | 77,798 | |
| | <u>\$185,610</u> | <u>\$ 77,798</u> |

DEDUCT:

| | | |
|---|------------------|------------------|
| Transfer to mortgage reserve | \$10,000 | |
| Organization expense | 6,935 | |
| Expenses in connection with the issue of capital stock during the year | 15,502 | |
| Transfer to general reserve | 50,000 | |
| | <u>82,437</u> | |
| Surplus at end of year | <u>\$103,173</u> | <u>\$ 77,798</u> |

SERVICE AND FACILITIES



SAVINGS ACCOUNTS

Interest paid at $4\frac{1}{4}\%$ on your minimum quarterly balance and credited to your account each April 30th and October 31st.

CHEQUING ACCOUNTS

Interest paid at $3\frac{1}{2}\%$ on your minimum monthly balance and credited to your account each April 30th and October 31st. Chequing privileges are allowed on your account.

DEPOSIT-BY-MAIL FACILITIES

These facilities are available to all our depositors and can be used as a time saving convenience. Postage is paid by the Company both ways.

DEPOSIT RECEIPTS

Interest paid at rates up to $4\frac{7}{8}\%$ per annum on fixed term deposits for periods up to 364 days. Minimum amount \$1,000.

DEBENTURES

Interest paid at rates up to $5\frac{1}{2}\%$ per annum on terms from 1 to 5 years. Minimum amount \$100. Interest is paid half-yearly or may be compounded and paid at maturity. Debentures may be cashed at par in the event of the death of the holder, at the option of his estate.

TRUSTEE INVESTMENTS

Deposit Receipts and Debentures are authorized Trustee investments. Trustees may open trust savings or trust chequing accounts with the Company for surplus funds.

SAFETY DEPOSIT BOXES

These are available to our customers at reasonable rates and may be used for the safekeeping of securities, valuable documents or personal articles.

TRAVELLERS CHEQUES

Are available in both Canadian and U.S. dollars for the convenience of our customers who travel on vacation or business.

FIRST MORTGAGE LOANS

First mortgage loans are readily available at attractive rates to assist in the purchase of your new home or for building, remodelling, refinancing or consolidation of outstanding debts.

REAL ESTATE APPRAISALS

Our qualified appraisal staff is available to appraise your property for all purposes.

PROPERTY MANAGEMENT

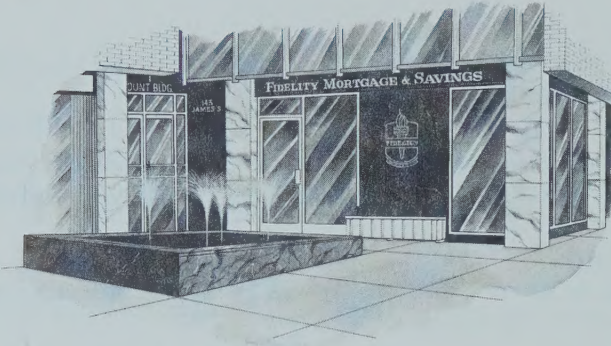
Our management staff is available to manage your revenue producing properties.

AGENCY ACCOUNTS

This is a service designed to assist in the care and management of your investments. This service is particularly helpful to individuals and organizations who lack time or experience and who prefer to be relieved of the details of supervision of their investments.

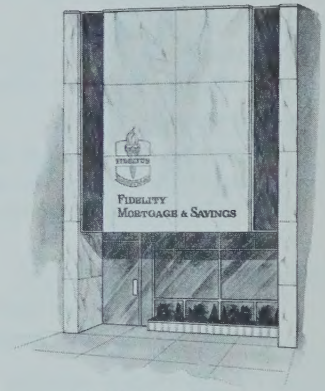


NEW OFFICES 1964-65

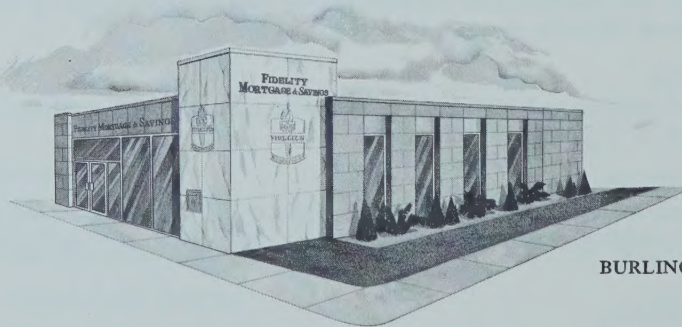


HAMILTON

Each of these offices is well located in a downtown business area and possesses modern facilities. The pleasing decor and architectural design of these offices provide a relaxing and convenient atmosphere for the transaction of business.



BRANTFORD



BURLINGTON

OFFICES

HAMILTON:

| | | | | | | |
|-------------------|---|---|---|---|---|------------------------|
| EXECUTIVE OFFICES | - | - | - | - | - | 42 James Street South |
| UNDERMOUNT BRANCH | - | - | - | - | - | 143 James Street South |
| BRANTFORD BRANCH | - | - | - | - | - | 28 Market Street |
| BURLINGTON BRANCH | - | - | - | - | - | 502 Brant Street |

